

CREST OIL & GAS CORP.

IBLA 83-110

Decided May 4, 1983

Appeal from decision of the Bureau of Land Management, Montana State Office, denying appellant's petition for reinstatement of oil and gas leases M-43654 and M-43937.

Affirmed.

1. Oil and Gas Leases: Reinstatement--Oil and Gas Leases: Rentals --Oil and Gas Leases: Termination

Reinstatement of a terminated oil and gas lease pursuant to 30 U.S.C. § 188(c) (1976) requires a showing that the late rental payment was either justifiable or not due to a lack of reasonable diligence. Neither delay in receipt of a courtesy billing notice nor a change in corporate offices and personnel will ordinarily justify a late rental payment.

APPEARANCES: Michael R. Quinn, president, Crest Oil & Gas Corporation, for appellant.

OPINION BY ADMINISTRATIVE JUDGE GRANT

Crest Oil and Gas Corporation (Crest), has applied for review of the September 29, 1982, decision of the Montana State Office, Bureau of Land Management (BLM), denying its petition for reinstatement of oil and gas leases M-43654 and M-43937. These leases terminated automatically on September 1, 1982, the anniversary date of the leases, because appellant/lessee failed to pay the annual rentals for the leases on or before this date. 30 U.S.C. § 188(b) (1976); 43 CFR 3108.2-1. BLM received appellant's check for the rental payments at 9 a.m. on September 2, 1982.

Upon receipt of BLM's termination notice, appellant filed a timely petition for reinstatement of the leases, together with the required rental payments, pursuant to the provisions of 43 CFR 3108.2-1(c). BLM denied the petition on the grounds that it was not supported by evidence showing either

that the petitioner had exercised reasonable diligence to make timely payments or that the petitioner's failure to make timely payments was otherwise justified. Crest timely appealed BLM's decision.

In its statement of reasons in support of this appeal, Crest vaguely attributes the late rental payments to circumstances attending the "time consuming" process of reorganization in which the company has been engaged since August 1981. During this process the company changed the location of its headquarters from Seattle to Denver. It is alleged that the company notified BLM of this fact, orally, in March 1982; however, BLM sent the "notice of payment due" for the leases to Crest's previous Seattle address and the notice was not forwarded to Crest's Denver office until sometime after mid-August 1982. The statement goes on to explain that the company's Denver office is staffed only on a part time basis by its president, Michael Quinn, who was not present in the office when BLM's notice arrived there. The statement concludes with the information that Quinn returned to the office in late August, observed BLM's notice, and tendered the rental payments for the leases to the Montana State Office in Billings.

[1] Upon the failure of the lessee to pay the annual rental on or before the anniversary date of any oil and gas lease upon which there is no well capable of production of oil or gas in paying quantities, the lease terminates automatically by operation of law. 30 U.S.C. § 188(b) (1976). A petition for reinstatement filed pursuant to 30 U.S.C. § 188(c) (1976), requires a showing that the failure to pay the rental timely was either justifiable or not due to a lack of reasonable diligence upon the part of the lessee. This Board has long held that the failure to receive a courtesy billing notice for the lease rental will not justify the late payment of rental. Ruth Eloise Brown, 60 IBLA 328 (1981). Therefore, the fact that appellant's notices of rental due for the leases were delayed in the mails by forwarding from appellant's former mailing address cannot justify the late payments. Further, this Board has held that a corporate lessee may not rely upon the bulk or complexity of its business organization to make justifiable an action which would not be justifiable for an individual lessee. Southern Union Co., 60 IBLA 181 (1981). Thus, the fact that appellant moved its offices and/or shifted responsibility for payment of rentals will not ordinarily justify a late rental payment. Id. at 185.

It should be noted that section 401 of the recently enacted Federal Oil and Gas Royalty Management Act of 1982, P.L. 97-451 (Jan. 12, 1983), 96 Stat. 2447, amends section 31 of the Mineral Leasing Act of 1920, 30 U.S.C. § 188 (1976), to permit reinstatement even where late rental payment was merely inadvertent, as distinguished from justifiable or not due to lack of reasonable diligence, subject to certain different terms and conditions. The record reflects that BLM has advised appellant by letter that any application for such relief, together with the increased rental required under this separate statutory provision, must be filed with the proper BLM office by May 12, 1983.

Accordingly, pursuant to the authority delegated to the Board of Land Appeals by the Secretary of the Interior, 43 CFR 4.1, the decision appealed from is affirmed.

Randall Grant, Jr.

Administrative Judge

C.

We concur:

Gail M. Frazier
Administrative Judge

Bruce R. Harris
Administrative Judge

